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May 21, 2020

IDAHO PUBLIC  
UTILITIES COMMISSION

*VIA ELECTRONIC DELIVERY*

Diane Hanian  
Commission Secretary  
Idaho Public Utilities Commission  
11331 W Chinden Blvd.  
Building 8 Suite 201A  
Boise, ID 83714

**Re: CASE NO. GNR-U-20-03  
IN THE MATTER OF DEFERRED ACCOUNTING OF INCREMENTAL COSTS  
ASSOCIATED WITH THE COVID-19 PUBLIC HEALTH EMERGENCY**

Dear Ms. Hanian:

Please find Rocky Mountain Power's electronic filing of these Comments in the above referenced matter.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

A handwritten signature in blue ink that reads "Joelle Steward".

Joelle Steward  
Vice President, Regulation

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**BEFORE THE IDAHO PUBLIC SERVICE COMMISSION**

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<b>IN THE MATTER OF DEFERRED</b>	)	
<b>ACCOUNTING OF INCREMENTAL</b>	)	<b>CASE NO. GNR-U-20-03</b>
<b>COSTS ASSOCIATED WITH THE</b>	)	
<b>COVID-19 PUBLIC HEALTH</b>	)	<b>COMMENTS</b>
<b>EMERGENCY</b>	)	
	)	

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**I. INTRODUCTION**

Rocky Mountain Power, a division of PacifiCorp, (“Rocky Mountain Power”), submits these reply comments to the comments submitted by the Staff of the Idaho Public Utilities Commission (“Staff”) and the Idaho Conservation League (“ICL”) on the consolidated Applications for a deferred accounting order for incremental costs associated with the COVID-19 public health emergency.

**II. BACKGROUND**

1. On March 13, 2020, Idaho Governor Brad Little issued a Proclamation declaring a state of emergency and providing directives to combat the spread of SARS-CoV-2 (“COVID-19”), to provide essential services and limit public exposure (the “Emergency”).

2. On April 3, 2020, Rocky Mountain Power submitted its application to the Idaho Public Utilities Commission (“Commission”) requesting an accounting order, allowing Rocky Mountain Power to defer, for future amortization, certain costs incurred related to the Company’s

response to the COVID-19 public health emergency.<sup>1</sup> Several other Idaho public utilities including Avista Corporation, Falls Water Company (“Falls Water”), Gem State Water Company (“Gem State”), and Idaho Power Company (“Idaho Power”) applied to the Commission for orders authorizing similar treatment for COVID-19 related costs (collectively and including Rocky Mountain Power, the “Idaho Utilities”). None of the Idaho Utilities sought rate increases or decisions on rate recovery in their applications.<sup>2</sup>

3. Given similar requests of the Idaho Utilities, Staff recommended the Commission consolidate the various applications into a general docket to address whether creation of a regulatory asset and deferral would be appropriate in light of the public health emergency. The Commission subsequently accepted the Staff’s recommendation, and opened this generic proceeding which consolidates the applications of the Idaho Utilities.

### **III. COMMENTS**

4. Rocky Mountain Power appreciates this opportunity to respond to the ICL and Staff Comments. This consolidated proceeding is an efficient approach to addressing the very similar requests of the Idaho Utilities’ applications for approval of deferred accounting for COVID-19 related costs.

5. Rocky Mountain Power has requested that 2019 be used as a baseline from which to calculate the impact of the COVID-19 public health emergency. 2019 was selected not only due to it being the year immediately prior to the public health emergency, but also because its uncollectible rates for that year are reasonable when compared to its average uncollectible rates over time. Staff supports Rocky Mountain Power’s use of a 2019 baseline in its comments.

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<sup>1</sup> See, Case No. PAC-E-20-04 (Rocky Mountain Power’s application).

<sup>2</sup> See, Case Nos. AVU-E-20-03 and AVU-G-20-03 (Avista electric and gas expenses); FLS-W-20-02 (Falls Water); GSW-W-20-01 (Gem State); IPC-E-20-19 (Idaho Power).

6. Rocky Mountain Power also did not seek deferral of any decline in revenues associated with lower customer usage as a result of the public health emergency. While Rocky Mountain Power anticipates there could be an appreciable impact, it takes no position on whether a deferral of lost revenues related to the public health emergency proposed by other utilities is appropriate. Should the Commission approve deferral of lost revenues as a general matter, Rocky Mountain Power would like the opportunity to include qualifying lost revenues in its COVID-19 related regulatory asset. Staff's comments indicated that it does not support any deferral of costs related to load declines resulting from COVID-19 impacts.

7. Rocky Mountain Power seeks approval of a carrying charge for the deferred costs. The proposed carrying charge is not intended to provide the Company a return on these deferred amounts, but rather to account for the otherwise lost time value of money that it is deferring recovery of. In order to conservatively account for this, Rocky Mountain Power elected not to propose using its weighted average cost of capital, but instead proposed to use the more conservative customer deposit rate. When coupled with the Rocky Mountain Power's conservative baseline, and the limited request for which costs to defer, Rocky Mountain Power's proposal is a balanced approach that will allow it to reasonably recovery specifically identifiable costs related to its response to this unprecedented public health emergency. Staff's comments oppose the application of a carrying charge, which Idaho Power also requested. Staff's comments state that the deferred costs would not, absent a deferral, be recoverable and that a carrying charge is therefore inappropriate. Rocky Mountain Power, again, notes that its application is limited in scope, and that the COVID-19 public health emergency is truly unprecedented. It will have definite negative impacts to the Company beyond those that it seeks to create a regulatory asset for in this proceeding, and the conservative carrying charge it proposes is therefore just and reasonable.

8. Staff also commented that additional expense categories deferred should be offset by savings that may be realized due to COVID-19 responses. Staff cites as examples reduced employee training and travel and fuel expense for fleet vehicles. Rocky Mountain Power anticipates that such reductions are likely to be small, but recognizes that any reductions must be reasonably examined when it seeks rate recovery for any COVID-19 related deferrals approved by the Commission at a later time.

9. The ICL's comments largely supports the Idaho Utilities deferral applications, and recommends streamlining access to customer assistance and conservation programs. As always, and especially in light of the ongoing impacts of the COVID-19 pandemic on vulnerable customers, Rocky Mountain Power is interested in continuing to work with ICL and others to ensure reasonable access to customer assistance and conservations programs. Rocky Mountain Power recognizes that such programs become more critical when, as now, more of its customers are facing tough economic circumstances.

10. The ICL's comments also recommended the use of energy cost recovery bonds and a long amortization period to recover COVID-19 related costs. Rocky Mountain Power appreciates ICL's creative thinking in this regard, but is not convinced that such instruments are an appropriate tool for the costs the Company seeks to defer here. At this time, Rocky Mountain Power is primarily seeking deferral of bad debt related expenses, whereas energy cost recovery bonds appear to be aimed at recovery of commodity related expenses. In any case, Rocky Mountain Power is currently seeking approval only of the creation of a regulatory asset to defer COVID-19 related costs, and not approval of future recovery. Accordingly, proposals for specific recovery mechanisms are premature and need not be addressed in the Commission's decision in this proceeding.

#### IV. CONCLUSION

Rocky Mountain Power appreciates the Commission's attention to its deferral request and the efficiency of pulling the similar requests of the various Idaho Utilities into a single proceeding to address them more generally through modified procedures. The Company also appreciates the thoughtful comments of the ICL and Staff. Rocky Mountain Power believes that the requests in its April 3, 2020 application remain a just and reasonable approach to accounting for unanticipated costs in light of the ongoing COVID-19 public health emergency. Therefore, it reiterates its request for approval of the creation of a regulatory asset to track and defer COVID-19 related costs based on a 2019 baseline, and to apply the conservative customer deposit rate of 2 percent to such deferred amounts as a carrying charge to account for the otherwise lost time value of money.

DATED this 21<sup>st</sup> day of May, 2020.

Respectfully submitted,



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*Attorney for Rocky Mountain Power*

## CERTIFICATE OF SERVICE

I hereby certify that on this 21<sup>st</sup> of May, 2020, I caused to be served via email a true and correct copy of the foregoing to the following:

### Service List GNR-U-20-03

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Dated this 21<sup>st</sup> day of May, 2020.



Katie Savarin  
Coordinator, Regulatory Operations